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DICKENSON MINES

L I M I T E D



Annual Report

1968

DICKENSON MINES LIMITED

Suite 416, 25 Adelaide Street West
TORONTO 1, ONTARIO

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

Notice is hereby given that the Annual Meeting of the shareholders of Dickenson Mines Limited (hereinafter called the "Company") will be held in the Tudor Room of the Royal York Hotel, Toronto, Ontario, on

THURSDAY, MAY 23, 1968

at the hour of 10:30 o'clock in the forenoon (Toronto time) for the following purposes:

- (a) to receive and consider the report of the directors;
- (b) to receive and consider the financial statements for the year ended December 31, 1967, and the report of the Auditors, McDonald, Nicholson & Co.;
- (c) to elect directors;
- (d) to appoint auditors;
- (e) generally to transact such further and other business as may be properly brought before the meeting, or any adjournment or adjournments thereof.

Copies of the aforementioned reports and financial statements to be submitted to the meeting are forwarded herewith.

If you are unable to be present and wish to be represented, please appoint your proxy. A form to be used for this purpose accompanies this notice. Your form of proxy should be forwarded to the company in the enclosed envelope at your early convenience.

DATED at Toronto, this 10th day of April, 1968.

By Order of the Board of Directors,

H. R. HEARD,
Secretary.

DICKENSON MINES LIMITED

INFORMATION CIRCULAR

SOLICITATION OF PROXIES

This Information Circular is furnished in connection with the solicitation by the management of Dickenson Mines Limited (the Company) of proxies to be used at the Annual Meeting of the Shareholders of the company, to be held at the time and place and for the purposes set out in the accompanying notice of meeting. It is expected that the solicitation will be primarily by mail.

The cost of solicitation by management will be borne by the Company. No remuneration will be paid to any person for soliciting proxies but the company may, upon request, pay to certain brokerage firms, fiduciaries and other persons holding shares in their names for others, the charges entailed for sending out proxies to the persons for whom they hold shares.

APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the enclosed form of Proxy are Directors and/or Officers of the Company. A SHAREHOLDER DESIRING TO APPOINT SOME OTHER PERSON TO REPRESENT HIM AT THE MEETING MAY DO SO EITHER BY INSERTING SUCH PERSON'S NAME IN THE BLANK SPACE PROVIDED IN THE FORM OF PROXY OR BY COMPLETING ANOTHER PROPER FORM OF PROXY AND IN EITHER CASE, DELIVERING THE COMPLETED PROXY TO THE SECRETARY OF THE COMPANY.

A shareholder who has given a Proxy may revoke it either

- (a) by signing a Proxy bearing a later date and delivering it to the Secretary of the Company, or,
- (b) as to any matter on which a vote shall not already have been cast pursuant to the authority conferred by such Proxy, by signing written notice of revocation and delivering it to the Secretary of the Company or the Chairman of the meeting.

EXERCISE OF DISCRETION BY PROXIES

The persons named in the enclosed form of Proxy will vote the shares in respect of which they are appointed in accordance with the direction of the shareholders appointing them. IN THE ABSENCE OF SUCH DIRECTION, SUCH SHARES WILL BE VOTED FOR THE APPROVAL OF THE DIRECTORS' REPORT AND FINANCIAL STATEMENTS, FOR THE ELECTION OF DIRECTORS, THE APPOINTMENT OF AUDITORS, AS STATED UNDER THOSE HEADINGS IN THIS CIRCULAR. The enclosed form of Proxy confers discretionary authority on the persons named therein with respect to amendments or variations to matters identified in the Notice of Meeting and with respect to other matters which may properly come before the meeting. At the time of printing this Circular the management of the Company knows of no such amendments, variations or other matters to come before the meeting other than the matters referred to in the Notice of Meeting.

VOTING SHARES

On February 29, 1968, the company had outstanding 3,549,300 shares, each with a par value of \$1.00, each carrying the right to one vote per share. Holders of outstanding shares of record at the time of the annual meeting will be entitled to vote at such meeting. The Directors and Senior Officers of the Company do not know of any person or company beneficially owning, directly or indirectly, shares carrying more than 10% of the voting rights attached to the shares of the Company except for Kam-Kotia Mines Limited which owns 471,009 shares in the capital of the company, being 13.27% thereof.

ELECTION OF DIRECTORS

The Board consists of seven Directors to be elected annually. The persons named in the enclosed form of Proxy intend to vote for the election of the nominees whose names are set forth below, all of whom are now members of the Board of Directors and have been since the dates indicated. The management

does not contemplate that any of the nominees will be unable to serve as a Director, but if that should occur for any reason prior to the meeting, the persons named in the enclosed form of Proxy reserve the right to vote for another nominee in their discretion. Each Director elected will hold office until the next Annual Meeting and until his successor is duly elected unless his office is earlier vacated in accordance with the by-laws.

The following table and notes thereto state the names of all the persons proposed to be nominated for election as Directors, all other positions and offices with the Company now held by them, their principal occupations or employment, the year in which they became Directors of the Company and the approximate number of shares of the Company beneficially owned directly or indirectly by each of them as of February 29, 1968.

Name	Position with Company	Became Director	No. of Shares Beneficially Owned
A. W. White, Mining Executive, President, Mid-North Engineering Services Limited.	Director and President	1944	168,121
C. R. Diebold, Banker, Chairman of the Board, Western Savings Bank of Buffalo.	Director and Vice-President	1947	22,058
R. A. Jodrey, Business Executive, President, Minas Basin Pulp and Power Co. Ltd.	Director	1950	110,001
M. L. Urquhart, Mining Engineer, Senior Vice-President, McIntyre Porcupine Mines Limited.	Director	1959	501
R. F. Rock, Investment Adviser.	Director	1961	7,701
S. C. Smith, Executive, George Weston Limited.	Director	1959	1
F. A. Fell, Mining Engineer, General Manager of the Company.	Director	1962	13,001

The information as to shares beneficially owned not being within the knowledge of the Company, has been furnished by the respective Directors individually. Each of the above-named persons has held the principal occupation or employment indicated for at least five years.

REMUNERATION OF MANAGEMENT AND OTHERS

The aggregate direct remuneration paid by the Company to Directors and Senior Officers, as such, during the year ended December 31, 1967, amounted to \$9,400, and to the five highest paid employees, \$68,649.

Estimated aggregate cost to the Company during the year ended December 31, 1967, of all pension benefits proposed to be paid to the Directors and Senior Officers under any normal pension plan in the event of retirement at normal retirement age amounted to \$4,746.

During the year ended December 31, 1967, options were granted to Directors and Senior Officers to purchase shares in the capital of the Company as follows:

Date	Total No. of Shares	Purchase Price Per Share	Price Range of Shares on Toronto Stock Exchange
Sept. 11/67	25,360	\$3.00	\$2.95-\$3.40

To February 29, 1968, the following options were exercised:

Date	Total No. of Shares	Purchase Price Per Share	Price Range of Shares on Toronto Stock Exchange
Feb./68	21,760	\$3.00	\$3.80-5.00

On January 30, 1967, options were granted to Directors and Senior Officers to purchase shares of Jameland Mines Limited owned by the Company. Jameland was a subsidiary of the company at that date.

The price range of Jameland shares during the month of January, 1967, was 42¢-79¢. All of the options were exercised by February 28, 1967, the expiry date.

<u>Date</u>	<u>Total No. of Shares</u>	<u>Purchase Price Per Share</u>	<u>Price Range of Shares on the Over-the-Counter Market</u>
Feb./67	29,000	50¢	52¢-77¢

Mid-North Engineering Services Limited (Mid-North) provides management, accounting, secretarial and office services to the Company and several other mining companies. A. W. White is the owner of Mid-North. During the Company's 1967 fiscal year \$66,000 was paid to Mid-North for services provided. During the two months ended February 29, 1968, the Company paid Mid-North \$11,000.

The Insiders of Mid-North, in addition to A. W. White, are: H. R. Heard, L. V. Barbisan, J. Geddes, W. A. Edmond, J. J. White and H. I. Miller, all with the same address as the company, and H. V. White of 72 Dunvegan Road, Toronto, Ontario.

APPOINTMENT OF AUDITORS

The persons named in the enclosed form of Proxy intend to vote for the re-appointment of McDonald, Nicholson & Co., Chartered Accountants of the City of Toronto, as Auditors of the Company, to hold office until the next Annual Meeting of Shareholders. McDonald, Nicholson & Co. have been Auditors of the Company for more than five years.

OTHER BUSINESS

All resolutions to be submitted to the meeting must be passed by at least a majority of votes cast at the meeting.

The Management does not know of any other matters to be brought before the meeting other than those set forth herein and in the notice of the Meeting. However, if any other matters which are not known to the Management should properly come before the meeting, the accompanying Proxy will be voted on such matters in accordance with the best judgment of the person or persons voting the Proxy.

By Order of the Board of Directors,

H. R. HEARD,
Secretary-Treasurer.

Toronto, Ontario,
April 10, 1968.

DICKENSON MINES LIMITED



DIRECTORS

A. W. WHITE, President - - - - - Toronto, Ont.
 C. R. DIEBOLD, Vice-President - - - - - Buffalo, N.Y.
 Chairman of the Board, Western Savings Bank of Buffalo
 F. A. FELL, General Manager - - - - - Toronto, Ont.
 M. L. URQUHART - - - - - Toronto, Ont.
 Consultant, McIntyre Porcupine Mines Ltd.
 R. A. JODREY - - - - - Hantsport, N.S.
 President, Minas Basin Pulp and Power Co. Ltd.
 S. C. SMITH - - - - - Toronto, Ont.
 George Weston Ltd.
 H. V. WHITE - - - - - Toronto, Ont.
 Burns Bros. & Denton Limited

OFFICERS

ARTHUR W. WHITE - - - - - President
 CHARLES R. DIEBOLD - - - - - Vice-President
 H. RODNEY HEARD - - - - - Secretary-Treasurer
 JAMES GEDDES - - - - - Assistant Secretary
 F. A. FELL - - - - - General Manager

HEAD OFFICE

25 Adelaide St. West, Suite 416 - - - - - Toronto, Ont.
 Telephone 362-4581

MINE OFFICE

Balmertown, Ontario

AUDITORS

McDonald, Nicholson & Co. - - - - - Toronto, Ont.

BANKERS

Canadian Imperial Bank of Commerce - - - - - Toronto, Ont.
 The Bank of Nova Scotia - - - - - Toronto and Balmertown, Ont.

REGISTRAR AND TRANSFER AGENTS

The Sterling Trusts Corporation - - - - - Toronto, Ont.
 Bank of New York - - - - - New York City, N.Y.
 The First National Bank of Jersey City - - - - - Jersey City, N.J.

STOCK LISTED

Toronto Stock Exchange — symbol DML

ANNUAL MEETING

Monday, May 26, 1969, at 10:30 a.m. (Toronto Time)
 Tudor Room, Royal York Hotel, Toronto, Ontario.

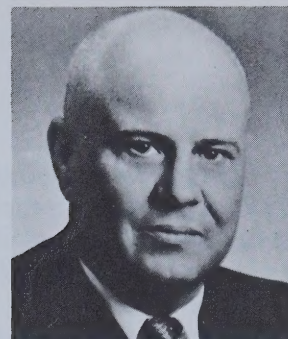
SUMMARY

DICKENSON MINES LIMITED

8 YEAR RECORD

(IN THOUSANDS OF DOLLARS)	1968	1967	1966	1965	1964	1963	1962	1961	To date
Bullion production	2,699	3,101	3,615	3,484	3,453	3,476	3,408	3,142	51,310
Emergency gold mining assistance	718	507	258	205	208	—	—	—	3,551
Depreciation	255	256	253	249	215	207	183	224	5,186
Dividends from Kam-Kotia Mines Ltd. ...	202	404	202	—	—	—	—	—	807
NET PROFIT	447	838	809	744	858	827	1,135	703	11,085
Net profit per share	13¢	24¢	23¢	21¢	24¢	24¢	32¢	20¢	—
Dividends paid per share	5¢	10¢	10¢	22¢	28¢	26¢	18¢	18¢	—
Shares issued	3,556,000	3,514,340			3,510,340			—	
Tons of ore milled	160,825	168,577	172,526	177,353	177,874	178,527	175,767	171,935	2,894,000
Grade — ounces per ton (Millheads)	0.480	0.530	0.601	0.562	0.560	0.554	0.559	0.561	0.546
Ounces of gold produced	71,005	81,830	95,563	92,096	91,244	91,709	90,522	88,358	1,425,499
Ore reserves, Tons	513,281	537,473	571,986	586,777	589,230	591,369	576,717	467,550	—
Grade, ounces per ton	0.507	0.530	0.536	0.546	0.538	0.507	0.515	0.543	—
Employees	247	276	287	266	284	290	290	265	—
Shareholders	3,890	3,870	4,000	3,975	4,488	4,151	4,240	4,203	—

PRESIDENT'S REPORT TO SHAREHOLDERS



ARTHUR W. WHITE

On behalf of your Directors, I am pleased to report to you on the operations and affairs of Dickenson Mines Limited for 1968.

Two factors contributed principally to the reduction in net profit for the year — an acute shortage of skilled miners, resulting in lower tonnage of ore mined, and grade of ore milled — lower dividends paid by Kam-Kotia Mines Limited, due to the financing from cash generated by operations, of heavy expenditures for plant, and a temporary build-up of inventory of silver at Cobalt Refinery Division.

Dickenson continues to sell its gold to the Royal Canadian Mint. Average price received in 1968 was \$37.81 Canadian Funds. In addition, emergency gold mining assistance was equivalent to \$10.11 per ounce of gold. So long as the company continues to receive emergency gold mining assistance in the future at approximately the same rate per ounce as in 1968, there must be assurance that proceeds from sales of gold in the free market will exceed \$47.92 Canadian Funds, per ounce for a prolonged period of time before sales in that market would be justified.

For the third consecutive year the working capital position has improved, in 1968 by \$647,000. Bank loans at December 31, 1968 were \$486,000 lower than at the end of the previous year.

All of the options granted to certain of

the employees of the company to purchase a total of 41,660 shares at \$3.00 per share were exercised during the year. The company received \$124,980 in this connection and issued 41,660 shares from its treasury.

Particulars of 1968 operations at the mine, as to mining, development, ore reserves, milling, outside exploration and matters of general interest relating to the mine itself, appear in the report of Mr. F. A. Fell, the General Manager of the company.

OTHER INTERESTS

Kam-Kotia Mines Limited — 47% owned.

For purposes of information we are forwarding to all shareholders of Dickenson Mines Limited the 1968 Annual Report of Kam-Kotia Mines Limited. Copies thereof will be made available to readers of the Dickenson report on request, addressed to Dickenson Mines Limited.

In 1968 Kam-Kotia earned a net profit of \$1,450,763 (34¢ per share) compared to \$1,243,886 (29¢ per share) in 1967, an increase of 16%.

Major changes made in the mill and crushing plants and in the grinding circuit during 1968 will provide greater milling capacity and improve recovery. Benefits therefrom should become evident in 1969.

A most encouraging aspect of Kam-Kotia's operations is the notable improvement of the Cobalt Refinery Division, which earned a net profit of \$350,389 in 1968 compared to \$2,718 in 1967.

Jameland Mines Limited — 32% owned.

After extensive study and negotiation, arrangements were completed for the financing of shaft-sinking and the development of the Jameland orebody to production. It was estimated that after May 1, 1968 a further \$2,000,000 would be required to bring the mine to the point of production, whereof \$935,000 would cover the cost of surface construction and equipment, and the remainder would cover the cost of sinking the shaft to 1,300 feet, lateral development, and stope preparation.

The Canadian Imperial Bank of Commerce agreed to lend Jameland up to \$1,000,000 for surface construction and plant and equipment, providing Dickenson and Kam-Kotia would jointly guarantee repayment of funds borrowed by Jameland. In consideration of these guarantees, Jameland extended to Dickenson and Kam-Kotia, options to purchase a total of 400,000 shares of its capital at 60¢ per share on or before October 15, 1971.

Jameland also entered into an agreement with Kam-Kotia whereby Kam-Kotia would perform and pay for sinking of the shaft and underground development, and will receive shares of Jameland at 60¢ per share for their expenditures in this connection. It is estimated these expenditures will amount to approximately \$1,000,000 and Jameland has set aside 1,666,666 shares for this purpose.

To make available a sufficient number of shares to meet its commitments, Jameland applied for and received Supplementary Letters Patent, increasing its authorized capital from 3,000,000 to 5,000,000 shares.

Construction, surface equipment acquisitions and installation were completed at Jameland in October. Shaft sinking started in October. By December 31 the shaft had reached a depth of 514 feet, and the cutting of the first station completed. The shaft should reach its objective during the summer, 1969. It is expected that milling of Jameland ore in Kam-Kotia's mill should commence early in 1970.

New Cinch Uranium Ltd. (N.P.L.) — 20% owned.

Since our last annual report, Hurley Uranium Limited completed the purchase from Dickenson of the Lake Cinch property, and the name of the company was changed to New Cinch Uranium Ltd. (N.P.L.). The workings at the Lake Cinch property were de-watered with a limited amount of diamond drilling completed. A study of the results from previous and current work has been made based upon which a program of further exploration has been recommended. Early in 1969, through an underwriting of shares of New Cinch and the exercising of options to purchase further shares, that company received \$600,000 in consideration of the issuance of 600,000 shares. Certain changes have been made in the New Cinch Board. The directors and officers are now Arthur W. White, Toronto, Ontario, President and Director; Dr. E. B. Gillanders, Crescent Beach, B.C., Vice-President and Director; James Geddes, Toronto, Ontario, Secretary and Director; D. Harvey, Prescott, Arizona, Director; S. David Anfield, Vancouver, B.C., Director; David Graham, Vancouver, B.C., Director; H. R. Heard, Toronto, Ontario, Treasurer.

Continuation of the exploration and development of Lake Cinch property is planned, and preliminary examination of claims held by New Cinch in the Hart River Area, Yukon Territory, and the Merritt Area, British Columbia, is being considered.

Robin Red Lake Mines Limited.

Exploration and development of the Robin property from the Dickenson mine underground resumed in 1968. Extent of the work done to date and results obtained are as follows:

Dickenson Level	Horizon (feet)	Ore Developed		Average Assay (Ozs. per ton)
		Length (feet)	Width (feet)	
16th	2,315	166	5.0	0.62
17th	2,465	453	7.5	0.48
19th	2,765	346	7.3	0.785
23rd	3,365	264	6.7	0.676
Total and average		1,229	6.9	0.624

OUTLOOK

You will note that the changes in operating procedures adopted in 1967, referred to in our last annual report, enabled Dickenson to hold total operating expenditures in 1968 to approximately the levels experienced in 1967. Further revisions initiated in 1968 are developing more efficient operations, the full benefit from which will become evident in 1969. A two-year labor agreement effective April 1, 1968 was signed, and recently there has been general improvement in the quality and the quantity of skilled labor available.

Improvements in the Kam-Kotia and Cobalt Refinery operations, as described earlier in this report, will enhance the value of Dickenson's investment in Kam-Kotia, and should increase Dickenson's income in the future.

MANAGEMENT

We are pleased to report that, effective January 1, 1969, Mr. J. Gillis, the Manager

of the Dickenson mine, has been promoted to Operations Consultant for the company, and Mr. D. Rance has been appointed Manager of the Dickenson mine.

We regret that after acting as a director of the company since 1960, Mr. R. F. Rock, of Mountainhome, Pennsylvania, found it necessary to submit his resignation. Mr. Rock's careful attention to the affairs of the company, and his wise counsel, were always appreciated and beneficial. Mr. H. Vance White, of Toronto, has been appointed a director of the company to fill the vacancy created by Mr. Rock's resignation.

APPRECIATION

It is gratifying to note that Dickenson Mines Limited has had a net profit every year since 1950. This commendable record could not have been achieved without the full cooperation and loyalty of the management, staff and employees at both the mine and the company's Head Office. It is a pleasure once again to extend, on your behalf and on behalf of the directors, sincere appreciation for this cooperation and loyalty.

Respectfully submitted

on behalf of the Board,

A. W. WHITE,
President.

Toronto, Ontario,
April 4, 1969.

DICKENSON MINES LIMITED

(Incorporated Under the Laws of the Province of Ontario)

(With comparative figures at December 31, 1967)

ASSETS

	1968	1967
Current Assets		
Bullion on hand and in transit, at net realizable value	\$ 231,603	\$ 266,501
Emergency gold mining assistance receivable	292,092	174,345
Accounts receivable and accrued interest	93,725	87,922
Prepaid expenses	11,827	15,893
Total current assets	629,247	544,661
Investments in Other Companies (note 9)		
2,017,508 shares Kam-Kotia Mines Limited at cost (quoted market value, 1968 — \$5,749,898; 1967 — \$6,153,399)	2,911,236	2,911,236
Other listed shares, at cost (quoted market value, 1968 — \$787,907; 1967 — \$309,369)	1,475,056	745,967
Interest in non-consolidated subsidiary companies at cost (note 1)	137,984	137,446
Other shares, bonds, advances and participations at cost	2,608,905	3,358,901
	7,133,181	7,153,550
Less: Allowance for decline in value	2,000,000	2,000,000
	5,133,181	5,153,550
Fixed Assets		
Buildings, machinery and equipment, at cost	5,731,985	5,642,804
Less: Accumulated depreciation	5,104,558	4,848,583
	627,427	794,221
Mining claims, at cost	253,470	254,227
Townsite lots, at cost	97,836	98,320
	978,733	1,146,768
Other Assets and Deferred Charges		
Interest in and expenditures on outside mining properties	776,510	746,674
Less: Amounts written off (note 7)	412,903	385,967
	363,607	360,707
Stores and supplies, at average cost	388,376	409,403
Special refundable tax	12,388	34,550
Deposits with government agencies	5,918	18,638
Other deferred charges	8,662	19,579
	778,951	842,877
	<u>\$7,520,112</u>	<u>\$7,687,856</u>

The accompanying notes f

Balance Sheet

December 31, 1968

LIABILITIES

	1968	1967
Current Liabilities		
Bank overdraft	\$ 39,093	\$ 53,279
Bank loans — secured (note 2)	584,000	1,070,000
Accounts payable and accrued liabilities	247,929	249,927
Wages accrued	37,761	33,392
Mining taxes accrued	4,285	18,418
Funds payable under mortgage agreement (note 3)	6,500	16,500
Deposit re sale of mining claims	—	40,000
Total current liabilities	919,568	1,481,516
Shareholders' Equity		
Capital stock (note 4)		
Authorized 3,750,000 shares of \$1.00 each.....	<u>\$3,750,000</u>	
Issued 3,556,000 shares (3,514,340 in 1967)	<u>3,556,000</u>	<u>3,514,340</u>
Surplus		
Contributed surplus (note 4)	1,430,129	1,346,809
Earned surplus	1,614,415	1,345,191
	<u>3,044,544</u>	<u>2,692,000</u>
Total shareholders' equity	6,600,544	6,206,340
Contingent Liability (note 10)		
Approved on behalf of the Board:		
A. W. WHITE, Director.		
S. C. SMITH, Director.		
	<u>\$7,520,112</u>	<u>\$7,687,856</u>

DICKENSON MINES LIMITED

STATEMENT OF OPERATIONS

For the year ended December 31, 1968

(With comparative figures for the year ended December 31, 1967)

	1968	1967
Revenue		
Bullion production	\$2,699,079	\$3,101,445
Emergency gold mining assistance	717,922	507,276
	<u>3,417,001</u>	<u>3,608,721</u>
Expense		
Marketing	17,850	25,640
Exploration and development	486,960	455,573
Mining	1,246,060	1,196,260
Milling	533,655	528,958
Mine management, office and general	386,207	409,452
Head office administration and general	148,493	144,310
Interest on bank loans	67,903	95,978
	<u>2,887,128</u>	<u>2,856,171</u>
	529,873	752,550
Other Income		
Dividend from Kam-Kotia Mines Limited	201,750	403,502
Income from other investments	36,803	49,729
Profit on sale of fixed assets	24,480	9,240
Profit (Loss) on sale of investments	(56,755)	728
	<u>736,151</u>	<u>1,215,749</u>
Other Expense		
Provision for depreciation of buildings, machinery and equipment (note 6)	254,957	256,163
Provision for tax under the Mining Tax Act, Ontario	4,500	18,400
Outside exploration written off (note 7)	26,936	24,283
Adjustment of prior year's expenses	—	13,932
Adjustment of prior years' estimates of emergency gold mining assistance	2,804	64,770
	<u>289,197</u>	<u>377,548</u>
Net Profit for the year	<u>\$ 446,954</u>	<u>\$ 838,201</u>

The accompanying notes form an integral part of this statement.

DICKENSON MINES LIMITED

STATEMENT OF EARNED SURPLUS

For the year ended December 31, 1968

(With comparative figures for the year ended December 31, 1967)

	1968	1967
Balance at beginning of year	\$1,345,191	\$2,358,424
Add:		
Net profit for the year	446,954	838,201
	<u>1,792,145</u>	<u>3,196,625</u>
Deduct:		
Dividends paid	177,730	351,434
Provision for decline in value of investments and advances	—	1,500,000
	<u>177,730</u>	<u>1,851,434</u>
Balance at end of year	<u>\$1,614,415</u>	<u>\$1,345,191</u>

The accompanying notes form an integral part of this statement.

AUDITORS' REPORT

TO THE SHAREHOLDERS,
DICKENSON MINES LIMITED,
TORONTO, CANADA.

We have examined the attached balance sheet of Dickenson Mines Limited as at December 31, 1968, together with the statements of operations, earned surplus and source and disposition of funds for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the accompanying balance sheet and related statements of operations, earned surplus and source and disposition of funds present fairly the financial position of the company as at December 31, 1968, and the results of its operations and sources and dispositions of funds for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, February 28, 1969.

McDONALD, NICHOLSON & CO.,
Chartered Accountants.

DICKENSON MINES LIMITED

STATEMENT OF SOURCE AND DISPOSITION OF FUNDS

For the year ended December 31, 1968

(With comparative figures for the year ended December 31, 1967)

Source of Funds	1968	1967
Net profit from operations	\$ 446,954	\$ 838,201
Add: Charges to operations which in themselves did not require an outlay of funds during the year		
Provision for depreciation	254,957	256,163
Outside exploration written off	26,936	24,283
	<u>728,847</u>	<u>1,118,647</u>
Decrease in stores and supplies	21,027	58,728
Decrease in deferred charges	10,917	—
Sales of mining claims	—	10,000
Sales of townsite lots	—	3,215
Decrease in deposits with government agencies	12,720	1,127
Disposal of investments and interest in other companies	20,369	—
Special refundable tax recovered	22,162	—
Capital stock issued for cash	124,980	—
	<u>\$ 941,022</u>	<u>\$1,191,717</u>
Disposition of Funds		
Dividends	\$ 177,730	\$ 351,434
Outside exploration	28,416	31,510
Fixed asset additions (net)	88,342	137,950
Investments and interests in other companies	—	37,290
Increase in deferred charges	—	7,979
Decrease in deficiency of working capital	646,534	625,554
	<u>\$ 941,022</u>	<u>\$1,191,717</u>

The accompanying notes form an integral part of this statement.

DICKENSON MINES LIMITED

NOTES TO FINANCIAL STATEMENTS

December 31, 1968

1. SUBSIDIARY COMPANIES

The accounts of Duchesne Red Lake Mines Limited and Kenwest Mines Limited have not been consolidated with those of the company as the subsidiaries are dormant or are developing their properties and expenditures since acquisition of control have been deferred to future operations.

2. BANK LOANS

The bank loans are secured by the pledging of marketable securities having an aggregate quoted market value of \$5,641,553.

3. FUNDS PAYABLE UNDER MORTGAGE AGREEMENT

By agreement dated April 11, 1966, the company has undertaken to advance to Rowan Consolidated Mines Limited up to \$100,000 on the security of a first mortgage on all of that company's patented mining claims and buildings, machinery and equipment situate thereon, in the townships of Ball and Todd in the Red Lake Mining Division. The mortgage bears interest at 6% per annum and falls due April 15, 1971. As at balance sheet date the company had advanced \$93,500 under the said agreement. The company has agreed to advance the remaining \$6,500 as required from time to time by the mortgagor for the carrying out of its corporate affairs.

4. CAPITAL STOCK

During the year employees exercised options to purchase 41,660 shares of the company's capital stock at a price of \$3.00 per share for a total consideration of \$124,980. Of this amount \$83,320 was credited to contributed surplus.

5. INCOME TAXES

No provision is required for taxes on income for the year as allowable adjustments completely offset the net profit.

6. DEPRECIATION

Depreciation has been recorded in the company's accounts using the straight line method at the rate of 15% per annum.

7. OUTSIDE EXPLORATION

Cost incurred in exploration of outside properties has been charged to operations at such time as the company relinquished its interest in such properties.

8. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

Remuneration of directors and senior officers during the year ended December 31, 1968 amounted to \$78,980 (\$78,049 in 1967).

9. INVESTMENTS IN OTHER COMPANIES

Investments in other companies, carried at a net value of \$5,133,181 include securities which had a quoted market value on December 31, 1968 of approximately \$6,538,000 based on closing market quotations on that date. This latter amount does not necessarily represent the value of these holdings, which may be more or less than that indicated by market quotations.

10. CONTINGENT LIABILITY

Under the terms of an agreement dated October 15, 1968, and in consideration of a sole, exclusive and irrevocable option, granted by Jameland Mines Limited, to purchase all or any part of 400,000 shares of its capital stock at a price of 60¢ per share for a period of three years from agreement date, Dickenson Mines Limited and Kam-Kotia Mines Limited have jointly guaranteed a line of credit of up to \$1,000,000 granted to Jameland Mines Limited by its bankers.

11. SUBSEQUENT EVENTS

Security transactions which have occurred subsequent to balance sheet date have resulted in a net loss of approximately \$84,500.

GENERAL MANAGER'S REPORT



F. A. FELL

The President and Directors,
Dickenson Mines Limited,
Suite 416, 25 Adelaide Street West,
TORONTO, Ontario.

Dear Sirs:

This report covering the operations of your Company for the year 1968 is respectfully submitted.

PRODUCTION

160,825 tons of ore were milled yielding 71,005.5 fine ounces of gold and 6,246 fine ounces of silver. The total value of this bullion was \$2,699,100 or a recovery of \$16.78 per ton milled. The average value received was \$37.81 per ounce for gold and \$2.30 per ounce for silver. In addition, benefit received and receivable under the Emergency Gold Mining Assistance Act is estimated to be \$717,900 or \$10.11 per ounce of gold.

To date the mine has produced 1,425,646.7 ounces of gold and 121,452.8 ounces of silver with a total value of \$51,315,600 for an average value received from the Mint and the Bank of Nova Scotia of \$35.90 per ounce of gold and \$1.14 per ounce of silver; total tons milled amount to 2,895,540 for a recovery of 0.49 ounces of gold per ton.

ANALYSIS OF OPERATING COSTS

		1968		1967
	Total	Per Ton Milled	Per Ounce	Per Ounce
Shaft Sinking (No. 2 Shaft)	\$ 68,935	\$.43	\$.97	\$.97
Exploration and Development	418,025	2.60	5.89	4.60
Mining	1,246,060	7.75	17.55	14.62
Milling	533,655	3.32	7.51	6.46
Mine General Expense	386,207	2.40	5.44	5.00
Head Office Expense	148,493	.92	2.09	1.77
Interest on Bank Loans	67,903	.42	.96	1.17
Marketing Charges	17,850	.11	.25	.31
	<u>\$2,887,128</u>	<u>\$ 17.95</u>	<u>\$ 40.66</u>	<u>\$ 34.90</u>

MINING

Broken ore totalling 70,282 tons remained in the stopes, a decrease of 105 tons from the previous year. Also 526 tons remained in ore bins and ore passes at year's end.

Of the 153,991 tons of ore hoisted, 18,352 tons grading 0.382 ounces per ton were obtained from development and 135,639 tons grading 0.493 ounces per ton were obtained from stoping and stope preparation. In addition, 6,247 tons grading 0.186 ounces per ton were taken from the surface stockpile. Waste hoisted amounted to 32,514 tons.

Stoping operations were carried on in the North "C", South "C", East South "C", "D", "E", "F" and "H" zones on the upper twenty-two levels. Of the total ore hoisted, the percentages from the zones were — North "C" 5.5%, South "C" 9.1%, East South "C" 54.6%, "D" 13.6%, "E" 3.8%, "F" 6.4%, "H" 5.8%, and miscellaneous 1.2%.

At year's end nineteen stopes were operating as cut-and-fill and one as shrinkage. Tons broken per rock drill shift in stopes and backstopes were 57.4 compared to 51.0 in 1967. The average stope width was 7.2 feet compared to 6.7 feet the previous year.

EXPLORATION AND DEVELOPMENT

The following is a summary of the development footages completed to the end of 1968 with the previous two years given as a comparison.

	1968	1967	1966	To Date
#1 Shaft				3,589
#2 Shaft			1,231	1,249
Station Cutting			444	1,689
Drifting	4,263	3,131	3,042	92,339
Crosscutting	1,905	2,384	1,538	67,121
Raises	1,470	983	2,297	45,311
Ore Passes	980	299	14	5,347
Waste Passes	558	755	14	4,612
Slashing	846	629	553	20,027
Diamond Drilling:				
Surface				60,721
Underground	41,405	50,613	46,146	868,470

Developments of major interest — Reference can be made to the map in this report to obtain the relative locations of the ore zones mentioned here.

- (1) All work pertaining to the #2 Shaft (internal) was completed during the year including the ore and waste passes.
- (2) Development work from the #2 Shaft was done on the twenty-fourth, twenty-fifth, twenty-sixth, twenty-seventh and thirtieth levels with East South "C" zone ore being located on the twenty-fourth, twenty-fifth, and twenty-sixth levels. The latter three levels have developed approximately one half of the East South "C" zone to the Robin Red Lake Mines boundary. No development work has been done on the twenty-eighth and twenty-ninth levels.

The drive west of the #2 Shaft, at the thirtieth level, is continuing from which diamond drilling will be done to explore the South "C" zone and other areas favourable to ore deposition.

- (3) Ore continued to be developed by sub levelling and raising in the South "C", East South "C", "F" and "D" zones between the sixteenth and nineteenth levels during the year. A short ore section was developed on the sixteenth level in the East "D" zone.
- (4) A limited amount of development work opened up a short, high grade ore section on the Robin Red Lake Mines property at the sixteenth level.

ORE DEVELOPED BY DRIFTING

Zone	Lineal Feet	Ounces Per Ton	Width Feet	Level
East "D"	177.9	0.44	7.5	16
East South "C"	491.2	0.54	5.0	16, 25, 26
Total and Average	<u>669.1</u>	<u>0.51</u>	<u>5.7</u>	

REMARKS ON ORE ZONES

North "C" — ore remnants remain to be mined above the third level. Several sills have yet to be mined.

South "C" — stoping and stope preparation are continuing between the sixth and twenty-second levels. Some sills remain to be mined.

East South "C" — stoping and stope preparation are continuing between the thirteenth and twenty-second levels. Considerable sill mining has still to be done in this zone.

"F" — the known ore has been developed. Stope work is confined to the twentieth level. Sills are being extracted in this zone.

"D" — stoping continues on the eighth, sixteenth, seventeenth and eighteenth levels. Some sill work remains.

"H" — no ore was found above the fourteenth or below the nineteenth levels in this zone. Stope preparation and stoping are in progress at the fifteenth, sixteenth, and seventeenth levels.

"E" — some broken ore remains to be pulled.

"J" — a small tonnage of moderate grade ore is to be mined in this zone at the twenty-third level.

"B", "G", "I" — a small tonnage of ore has been found in these zones to date.

ORE RESERVES

At December 31, 1968, positive ore reserves, broken and in place, were calculated to be 513,281 tons having an average grade of 0.507 ounces of gold per ton. This compares with 537,473 tons grading 0.530 ounces per ton at December 31, 1967. The distribution of ore is as follows:

	Tons	Grade		Tons	Grade
Above 1st level	14,900	0.53	Above 16th level	61,863	0.44
" 2nd level	7,657	0.49	" 17th level	104,207	0.46
" 3rd level	20,099	0.41	" 18th level	61,643	0.48
" 4th level	1,338	0.41	" 19th level	23,224	0.59
" 5th level	375	0.34	" 20th level	32,705	0.64
" 6th level	7,909	0.48	" 21st level	35,295	0.81
" 7th level	12,973	0.46	" 22nd level	36,080	0.49
" 8th level	14,619	0.51	" 23rd level	10,406	0.43
" 9th level	7,898	0.46	" 24th level	177	0.35
" 10th level	8,229	0.57	" 25th level	3,327	0.61
" 11th level	2,403	0.45	" 26th level	7,764	0.55
" 12th level	2,335	0.76	" 30th level	297	0.28
" 13th level	1,636	0.57			
" 14th level	7,443	0.59		<u>513,281</u>	<u>0.507</u>
" 15th level	26,479	0.37			

(All high assays cut to 2.00 ounces)

Positive Ore Reserves by Zones:

Zone	Tons	Grade	Percentage
North "C"	65,422	0.473	12.8
South "C"	67,974	0.541	13.2
East South "C"	248,114	0.553	48.3
"D"	38,075	0.494	7.4
"E"	6,592	0.425	1.3
"F"	21,599	0.526	4.2
"H"	62,369	0.342	12.2
"J"	3,136	0.409	0.6
	<u>513,281</u>	<u>0.507</u>	<u>100.0</u>

MILLING

Summary of Mill Operations with the previous year given for comparison.

	1968	1967
Tons treated	160,825	168,577
Percent operating time	97.77	98.45
Tons treated per day	439.4	461.9
Average value mill heads in ounces of gold per ton	0.480	0.530
Assay of mill tails in ounces of gold per ton	0.038	0.044
Recovery in ounces of gold per ton	0.442	0.486
Percent recovery	92.0	91.7

EXPLORATION DEPARTMENT BASED AT MINE OFFICE

During the year 1968 property examinations and staking activities were confined to Northwestern Ontario and the Elliot Lake areas.

Fifty-six prospects and properties were examined and reported on consisting of 12 copper-nickel, 11 uranium, 11 gold-silver, 8 copper, 7 silver, 3 zinc-silver, 2 iron, and 2 molybdenite.

Nine claims were staked for uranium in Township 156 - 162 at the west end of Ten Mile Lake in the Elliot Lake sector of the Sault Ste. Marie Mining Division. Favourable geological horizons for the occurrence of uranium may exist at depth on this property. Deep diamond drilling would be required to ascertain this.

In the Red Lake Mining Division three claims were staked in Baird Township adjoining the Parvus property and nine claims were staked in Todd Township.

At year's end, Dickenson held a total of 136 claims in ten groups; of which 7 were gold and silver, 2 were uranium and 1 iron.

Several companies and prospectors, active in the area, have continued to use the Dickenson Assay Office for custom work.

CAPITAL EXPENDITURES

Capital expenditures for the year amounted to \$110,048, the major portion of which represents purchases of houses located in Balmertown.

GENERAL

During the year a number of changes were initiated to decrease costs but their full benefit will not be realized until 1969.

A two year agreement was signed with Local 950 of The United Steelworkers of America on April 1, 1968. The settlement provided for an additional statutory holiday, substantial increases in the various welfare and medical plans, and wage increases totalling twenty cents per hour over the two year contract, plus five cents per hour for tradesmen to be given in the second year of the contract.

The underground department suffered from serious labour shortages and high turnovers during 1968, which was the prime cause of the large decrease in the tons milled this year. As the problem of high turnover occurs principally with single men, six mobile homes were purchased in order to attract married men. The mill and shop labour force was very static this year. The operating force at year end, including staff but not part-time students or contract diamond drillers numbered 247, as compared with 262 in 1967.

The safety record of Dickenson Mines for 1968 was good, and the Company was well placed in the Ontario John T. Ryan Trophy competition.

In Balmertown, the new additions to the public school were put into service during 1968. Both Dickenson Mines Limited and Campbell Red Lake Mines Limited installed additional housing facilities in the townsite. A joint distributing warehouse was built in Balmertown by two of the mine's major suppliers. Recreational facilities in the District were further improved, and a new fire engine and fire hall were installed in the townsite.

Weight of supplies delivered to the property:	
From local sources (mainly timber, gravel, oils & greases)	2,707 tons
From the Railhead (chemicals, steels & general supplies)	994 tons
Direct trucking (explosives, mill balls, etc.)	753 tons
	<hr/>
	4,454 tons
	<hr/>

In conclusion, I wish to take this opportunity to thank you, the President and Directors, for your guidance and support, and to express my appreciation to the Mine Manager, his Department Heads and Employees who have efficiently served your Company during the past year.

Yours very truly,

F. A. FELL,
General Manager.

DICKENSON M

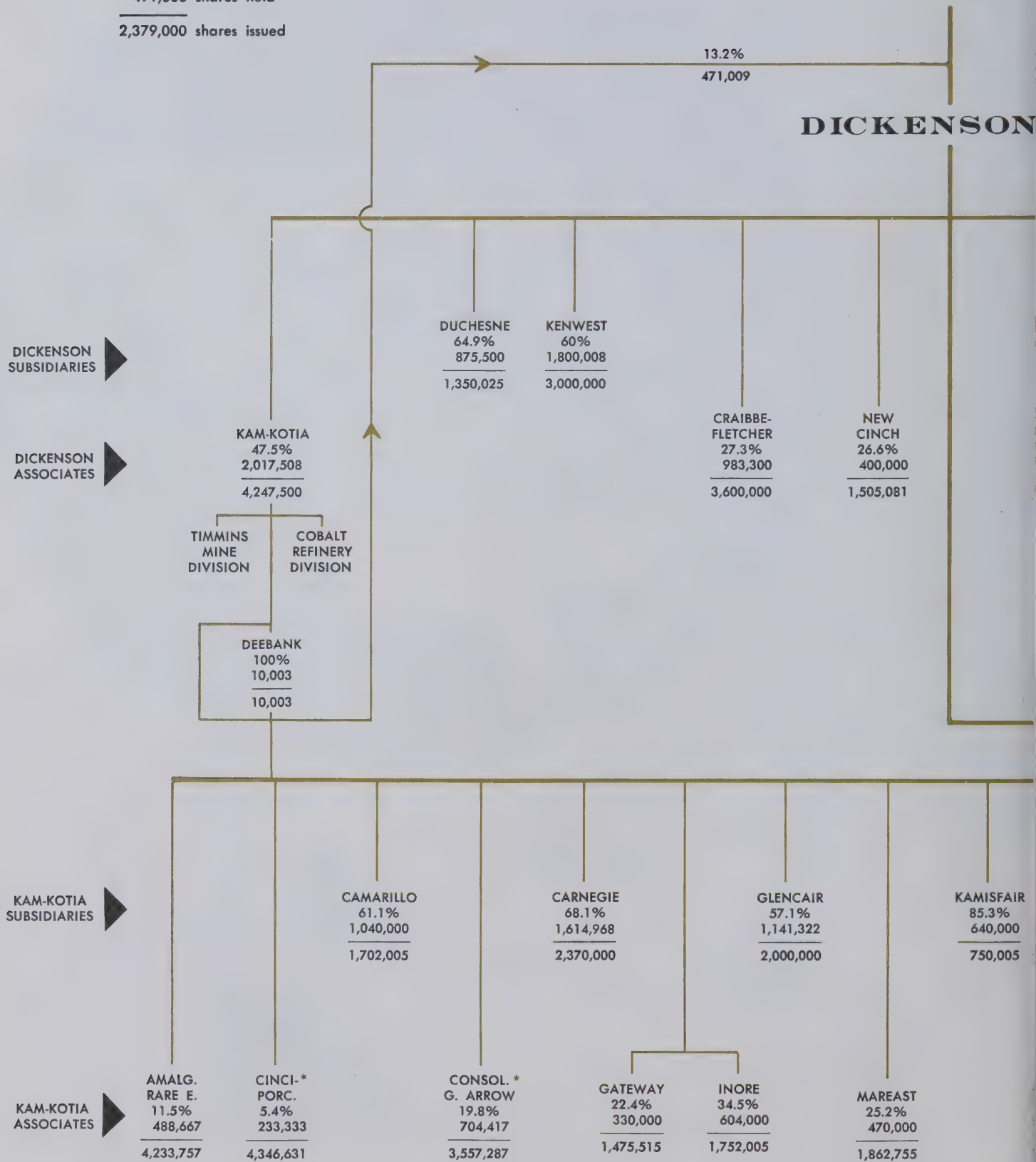
INVESTMENT

(PRINCIPAL)

EXAMPLE

20.6% shares held ÷ shares issued
491,000 shares held

2,379,000 shares issued



MINES LIMITED

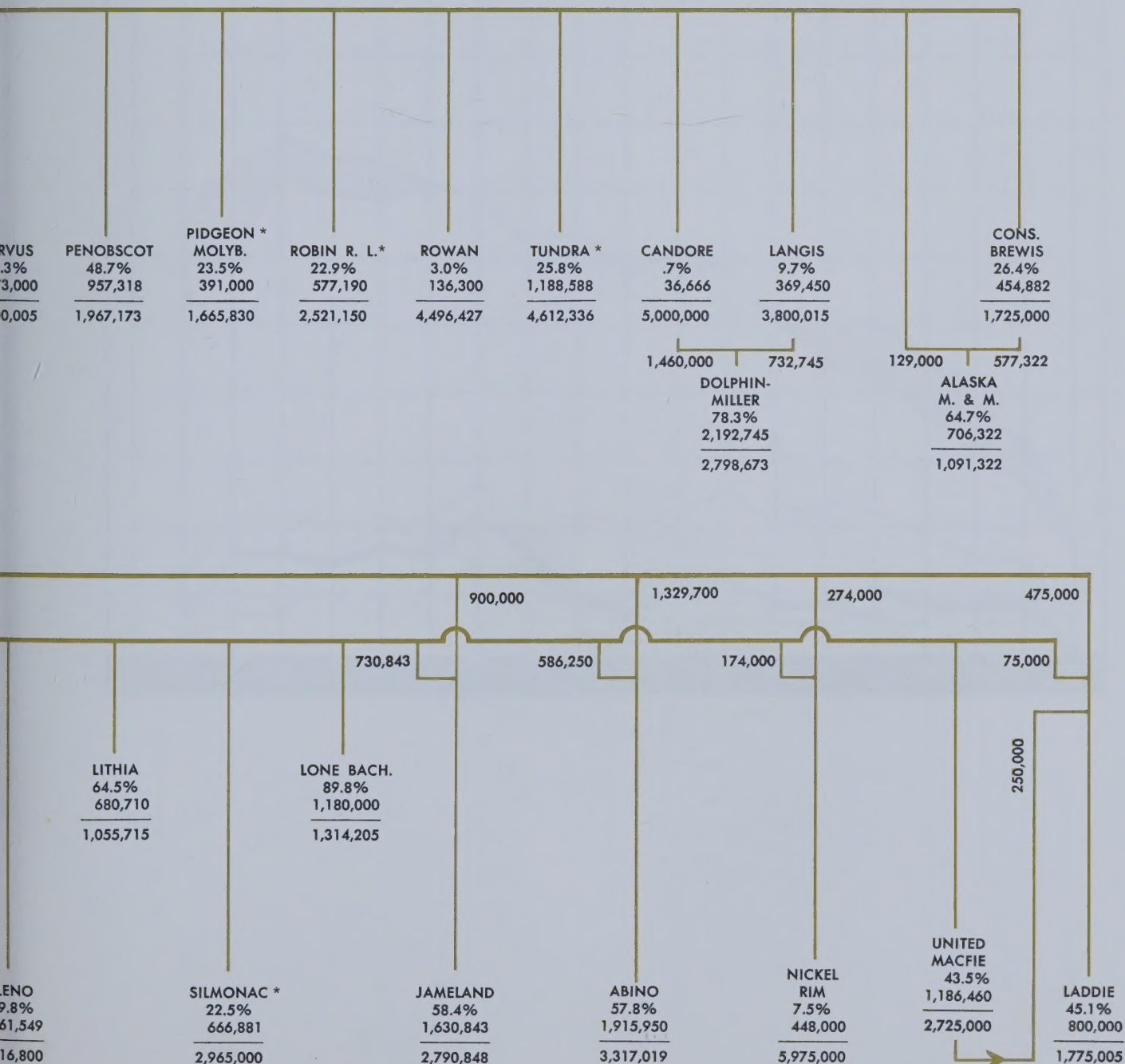
T CHART

(DINGS)

December 31, 1968

Mid-North Engineering Services Limited manages all the undernoted companies except those marked (*).

MINES LIMITED



RECORD OF OPERATIONS

